

cc: m/003/024

From: Wayne Hedberg
To: Joelle Burns; Lynn Kunzler; Tom Munson
Date: 12/4/01 10:17AM
Subject: Document Call from Lon Thomas - Heber Quarry (M/051/001)

On 12/03/01, I received a telephone call from Lon Thomas of Star Stone Quarries, Inc. He called to inform us that he had completed the required drainage control work at the Heber Quarry. A stipulation to final approval of the large mine permit required the operator to install some supplemental drainage controls to manage surface runoff at the mine site. Lon informed me he had a small retention pond with a rock overflow/spillway constructed adjacent to the trailer on the west side of the quarry area. He said it was completed just before the latest series of storms. He asked if this action would now satisfy all of the remaining stipulations to allow us to finalize our approval of the Large Mine permit. I said I thought it would, but I would confirm with Lynn Kunzler and respond accordingly.

Lon also asked what the process would be to appeal the latest rule change regarding surety bonding requirements. He has two surety bonds with Redland Insurance Company (\$102,500 - Heber Quarry & \$105,200 - Cotton Thomas Quarry). Redland does not meet the new surety bond requirements (i.e., not listed on the Federal Department of the Treasury, Circular 570 - Acceptable Reinsuring Companies). Redland does have an AM Best Rating of A (excellent). Lon believes there should be some sort of Grandfather exemption for those bonds already in place at the time of the rule change. He said this would place a tremendous hardship on him to replace these sureties, as Redland was the only surety bonding company that would bond his operations.

I re-emphasized to him that he was told verbally (and in writing) at the time he posted the Redland surety bonds that he might eventually need to replace same when the new surety rules became final. I told him I would look into the procedure (if there was one) for him to appeal the directive to replace these bonds, and get back to him as soon as possible. He asked that we contact his wife Beverly directly with this information, as he was going out of town for the next few days.

A copy of this email memo will be placed in the mine file (M/051/001)

CC: Mary Ann Wright